District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

NOTIFY OCD OF SPUD & TIME TO WITNESS CEMENTING OF SURFACE & INTERMEDIATE CASING *

Form C-101
May 27, 2004

RECEIVED
NOV 10 2005
OCD-ARTESIA

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number
Parallel Petroleum Corp. 1004 N. Big Spring Street, Suite 400, Midland, TX. 79701	230387 [3] API Number 30-005-63782

[5] Property Code	[5] Property Name	[6] Well No.
35234	Assault	1

[9] Proposed Pool 1	[10] Proposed Pool 2
Wildcat; Wolfcamp GAS 97489	

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	27	14S	26E		400	N	760'	W	Chaves

[8] Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	27	14S	26E		660'	S	760'	W	Chaves

Additional Well Information

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	O & G	R	P	3424'
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
No	9290MD,5234TVD	Wolfcamp	NA	NA

Depth to Groundwater 65' | Distance from nearest fresh water well 2000' | Distance from nearest surface water 3000'

Pit: Liner: Synthetic X 12 mils thick Clay ☐ Pit Volume: 10,000 bbls Drilling Method:

Closed-Loop System ☐ Fresh Water X Brine ☐ Diesel/Oil-based ☐ Gas/Air ☐

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	300'	440	Surface
12-1/4"	9-5/8"	36#	1300'	325	Surface
8-3/4"	5-1/2"	17#	TVD 5234'	NA	100' Above
			MD 9290		Glorieta

[22] Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Well to be Drilled as a Horizontal Wolfcamp test. The attached drilling plan will be utilized for this test and contains details on the cement and mud programs as well as the directional information. The following is a summary of this plan.

1. **Prepare surface location. Move in and rig up drilling rig, spud well and drill and set conductor. Install and test BOP's.**
2. **Drill 17 1/2" surface hole with rotary equipment to a minimum depth of 300'. Set 13 3/8" casing and cement.**
3. **Drill 12 ¼" intermediate hole to a minimum depth of 1300'. Set 9 5/8"casing and cement.**
4. **Drill 8 ¾" production hole 5500' TD and evaluate running mud logs as well as DLL/CNL/LDT/CAL/GR to TD.**
5. **Set Kickoff point at 4853' and drill and advance hole to a Wolfcamp penetration point at approximately 700' S and 760' E of the NW corner of the section and continue drilling to BHL. (9290' MD & 5234' TVD)**
6. **Set 5 ½" to TD and cement to a point 100' above Glorieta around 2525'. Perforate porosity and stimulate as necessary (specific procedure to be determined).**
7. **Place well on test.**

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**

Printed name: Deane Durham

Title: Drilling Engineer

E-mail Address: ddurham@plll.com

Date: 11-8-05 Phone: 432-684-3727

BG

OIL CONSERVATION DIVISION

Approved by: Jim W. Gum

Title: District II Supervisor

Approval Date: NOV 16 2005 Expiration Date: NOV 16 2006

Conditions of Approval Attached ☑ Fresh Water to 13cc' pg. 3

9.5

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	97489	

Property Code	Property Name	Well Number
	ASSAULT	1

OGRID No.	Operator Name	Elevation
	PARALLEL PETROLEUM CORPORATION	3424'

Surface Location

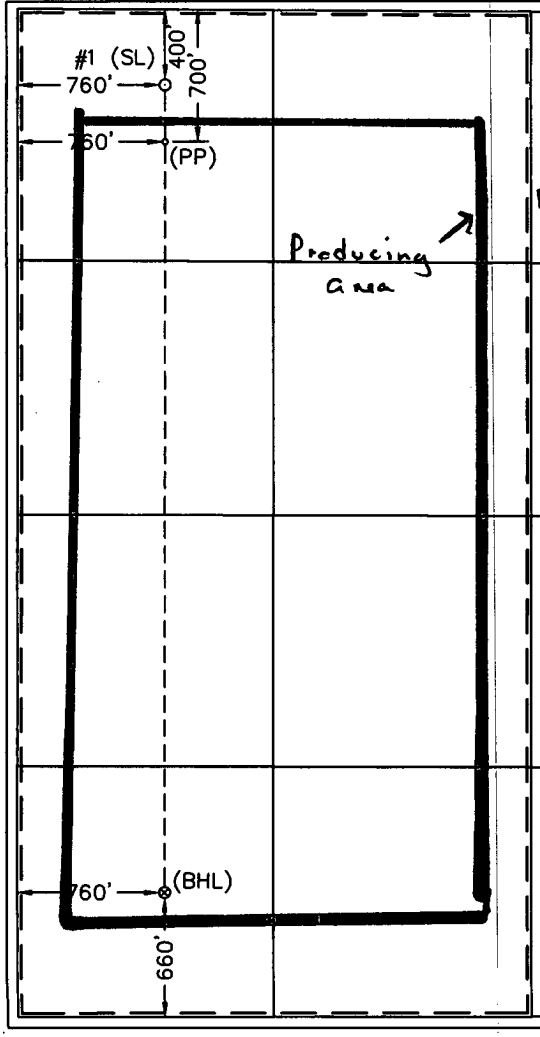
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	27	14 S	26 E		400	NORTH	760	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	27	14 S	26 E		660	SOUTH	760	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



Project Area

Coordinate Table	
Description	Plane Coordinate
Assault #1 Surface Location	X = 500,130.1 Y = 756,678.8
Assault #1 Penetration Point	X = 500,130.8 Y = 756,378.9
Assault #1 Bottom Hole Location	X = 500,139.8 Y = 752,415.6

NOTE:

1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927, Distances shown hereon are mean horizontal surface values.

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Deana Durham
Printed Name

Drilling Engr.
Title

11-8-05
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of ual surveys made by me or under my ervison and that the same is true and rect to the best of my belief.

October 12, 2005
Date Surveyed

LVA
Signature & Seal of Professional Surveyor

W.O. Num. 2005-0973
Certificate No.

PARALLEL PETROLEUM CORPORATION
ASSAULT #1
SL: 760' FWL AND 400' FNL, BHL: 760' FWL AND 660' FSL
SEC 27, T14S, R26E
CHAVES COUNTY, NEW MEXICO

Objective

Drill a vertical well through the Wolfcamp pay. Log and evaluate for a sidetrack to horizontal in the Wolfcamp.

Expected Geologic Tops

Est GL from topo: 3424', KB 3436'.
Glorieta 2525'
Tubb 3560'
Abo Shale 4300'
Wolfcamp 5235'
Wolfcamp Shale 5420'

Well Geometry

- 13 3/8" casing at 300'
- 9 5/8" casing at 1300'
- Set kick-off plug for horizontal through the zone of interest
- 5 1/2" casing through the horizontal Wolfcamp; Cement per completion.

Casing Program

Hole	MD (ft)	Casing	Weight	Grade	Coupling	COMMENT
17-1/2"	0 – 300	13-3/8"	48	H40	ST&C	Must be below 300' (+KB).
12-1/4"	0 – 1300	9-5/8"	36	J55	LT&C	
8-3/4"	0 – 5500'	5-1/2"	17	N80	LT&C	Run through the horizontal lateral.

Casing Cementing Program

13-3/8" slurry: 440 sacks Class C + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 56.3% fresh water

9-5/8" slurry: Lead: 125 sacks (50:50) Poz (Fly Ash): Class C + 5% bwow Sodium Chloride + 10% bwoc Bentonite + 151.7% fresh water. Tail: 200 sacks Class C + 1% bwoc Calcium Chloride + 56.3% fresh water

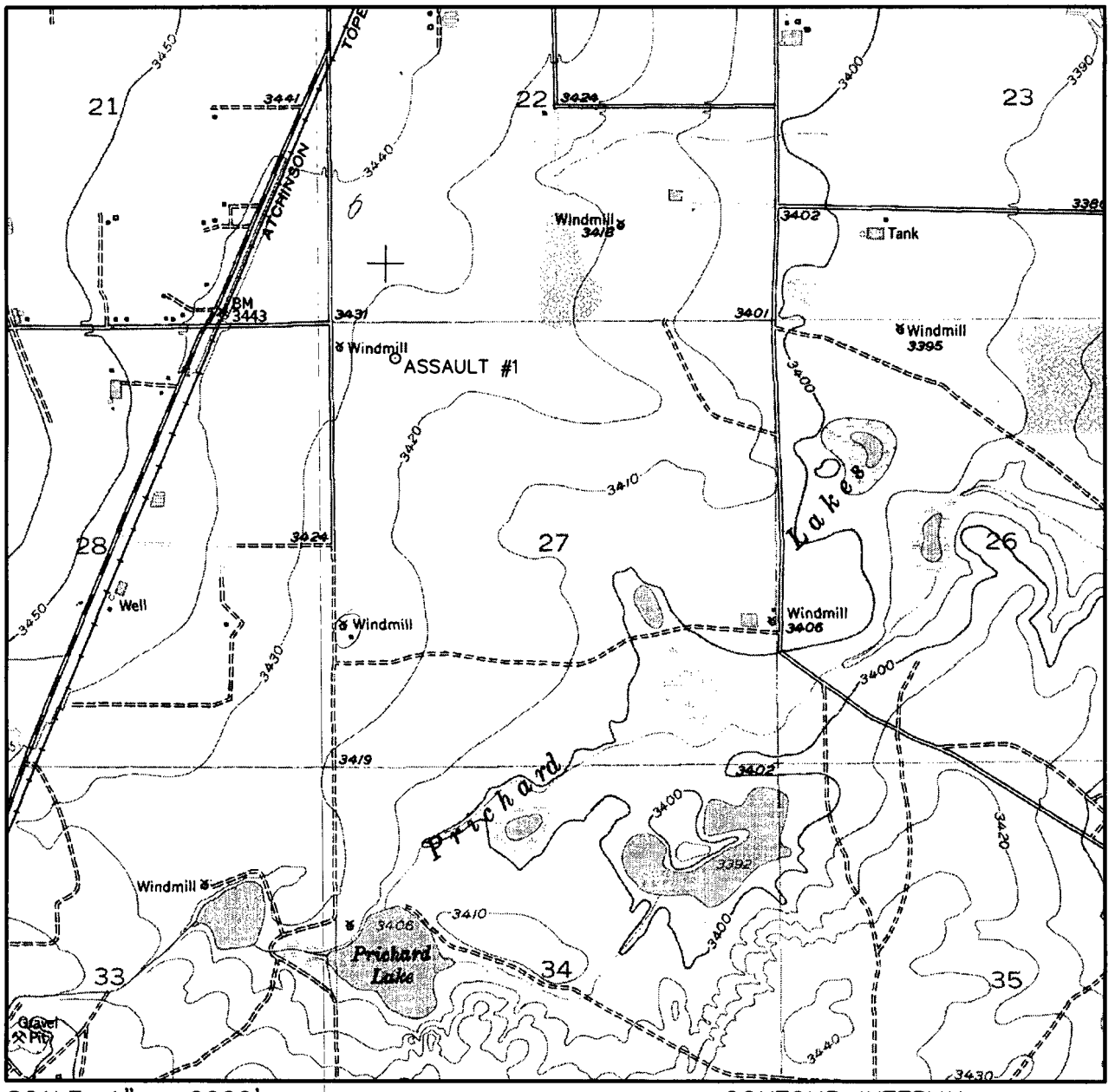
Note: If cement does not circulate to surface, notify OCD. A temperature survey will most likely be required. Top out to surface with 1" pipe in the annulus.

Note: 5-1/2" Cement per completion procedure. Top of Cement should be a minimum of 100' above Glorieta at 2525'.

Mud Program

Depth	Hole	MW	Visc.	WL	Synopsis
0 – 300	17-1/2"	8.4	32 - 38	No control	Fresh gel Lime floc.(outer) reserve. Fresh gel sweeps, paper & cotton seed hulls for losses.
300 - 1300	12-1/4"	8.4 – 8.6	28 - 29	No control	FRESH WATER mud only to 1300 ft. Severe loss potential. Circulate inner reserve. LCM: paper, fiber, cotton seed hulls.
1300 – 4100	8-3/4"	8.6 – 9.2	28 -29	No control	Cut brine. Start w/existing & add brine t/80K-120K chlorides
4100 – TD	8-3/4"	8.9 – 9.5	38 - 45	6 - 10	XCD/Starch polymer as req'd for hole cleaning. Lubricants.
KOP – TD Horizontal	8-3/4" & 7-7/8"	8.9 – 9.5	38 - 45	6 - 10	XCD/Starch polymer as req'd for hole cleaning. Lubricants.

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HAGERMAN – 10'

SEC. 27 TWP. 14–S RGE. 26–E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 400' FNL & 760' FWL

ELEVATION 3424'

OPERATOR PARALLEL PETROLEUM CORPORATION

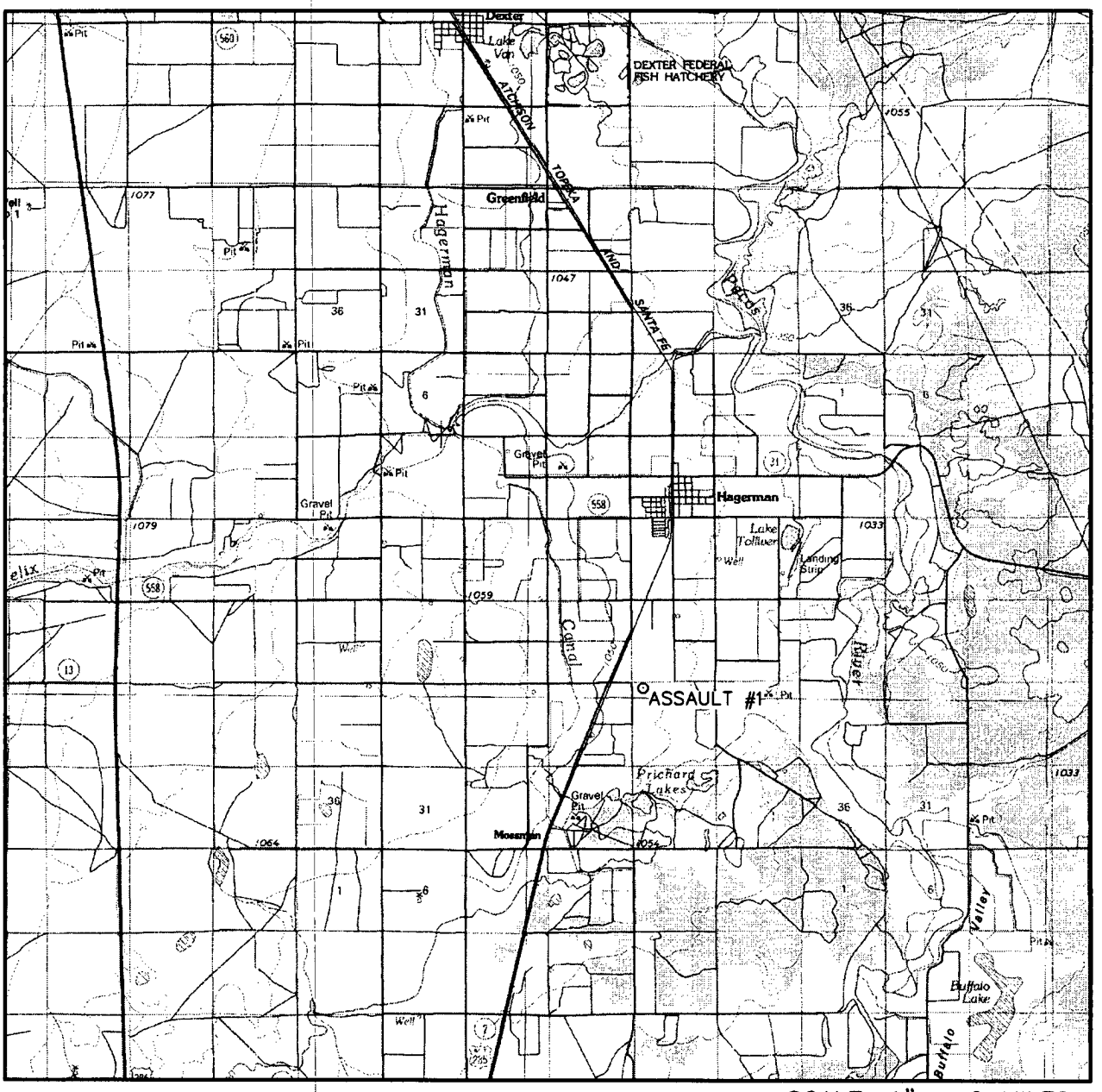
LEASE ASSAULT

U.S.G.S. TOPOGRAPHIC MAP
HAGERMAN, N.M.

WEST COMPANY of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687–0865 – (432) 687–0868 FAX

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 27 TWP. 14-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 400' FNL & 760' FWL

ELEVATION 3424'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE ASSAULT

WEST COMPANY of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

PARALLEL PETROLEUM CORPORATION

SURVEY CALCULATION PROGRAM

OPERATOR:	Parallel Petroleum Corporation	Supervisors:	
WELL:	Assault #1		
LOCATION:	Sec. 27 T-14-S R-26-E		
API NUMBER:			
COMMENTS:			
		MAG DEC.(-/+)	
		GRID CORR.(-/+)	
		TOTAL CORR.(-/+)	0.0
DATE: 10/21/05	TIME: 1:36 PM	TRUE TO GRID	

MINIMUM CURVATURE CALCULATIONS(SPE-3362) PROPOSED DIRECTION 180.0

SVY NUM	MD	INC	GRID AZM	TVD	VERT SECT	N-S	E-W	DLS/ 100	TARGET TRACKING TO CENTER ABOVE(+) BELOW(-)	RIGHT(+) LEFT(-)
TIE	0	0.0	0.0	0.0	0.0	0.0	0.0			
1	4853	0.0	0.0	4853.0	0.0	0.0	0.0	0.0	382.0	0.0
2	4863	1.5	180.0	4863.0	0.1	-0.1	0.0	15.0	372.0	0.0
3	4873	3.0	180.0	4873.0	0.5	-0.5	0.0	15.0	362.0	0.0
4	5452	90.0	180.0	5234.3	381.3	-381.3	0.0	15.0	0.7	0.0
5	9290	90.0	180.0	5234.3	4219.3	-4219.3	0.0	0.0	0.7	0.0

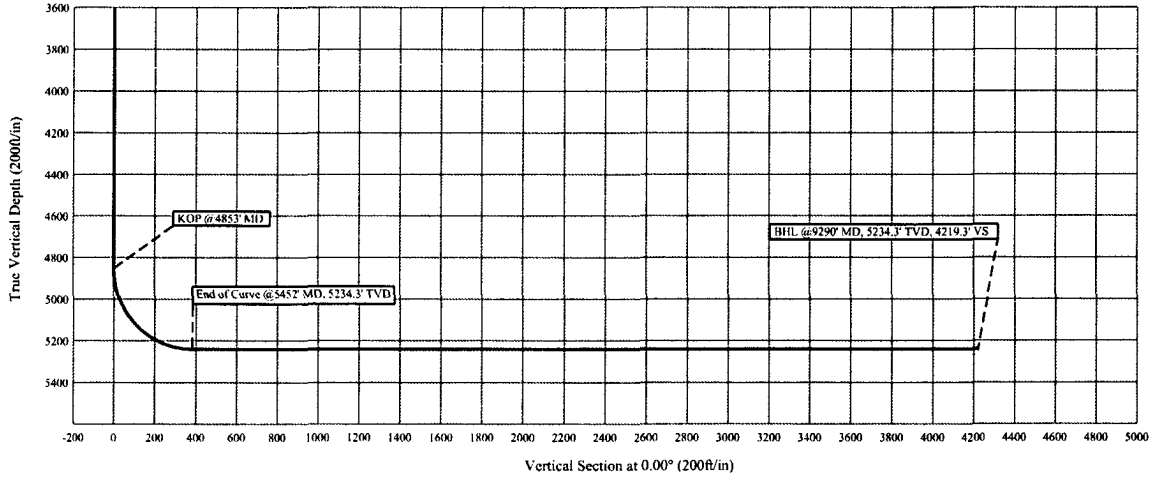
KOP @ 4853' MD
BUR = 15 DEG per 100 FT
End Curve @ 5452' MD, 5234.3' TVD
BHL @ 9290' MD, 5234.3' TVD, 4219.3' VS

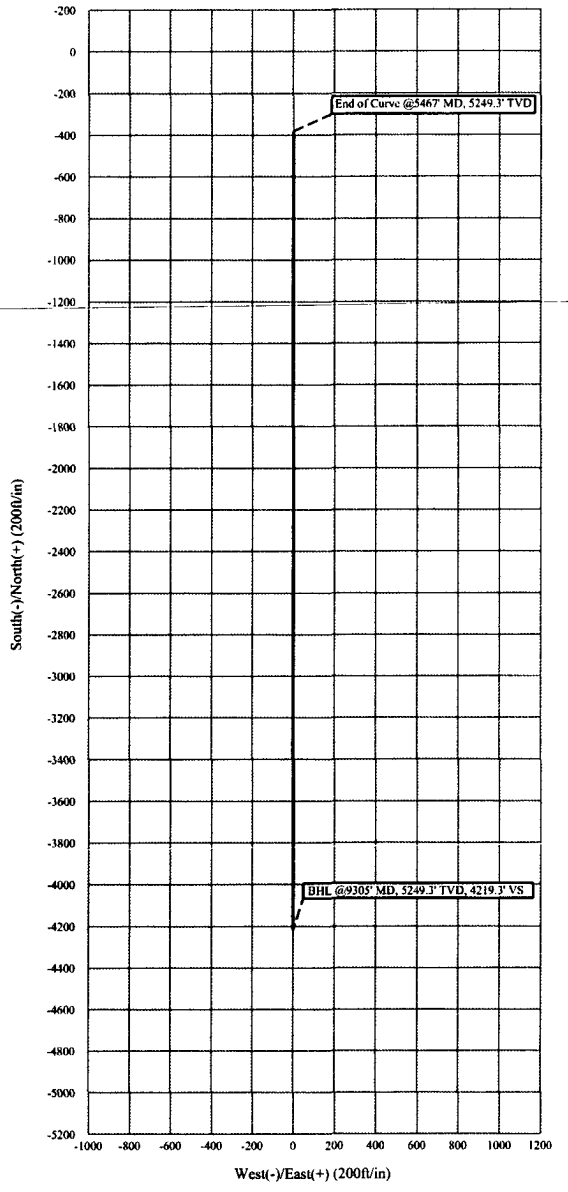
Parallel Petroleum Corp.

Assault #1
Section 27, T 14-S, R 26-E
Chaves County, New Mexico

COMPANY DETAILS

Parallel Petroleum Corp.
1004 N. Big Spring, Ste 400
Midland, Texas 79701





PARALLEL
Petroleum Corporation
1004 North Big Spring, Suite 400 • Midland, TX 79701 • Ph: 432-684-3727 • Fax: 432-684-3905

October 21, 2005

New Mexico Oil conservation Division
1301 W. Grand Ave.
Artesia, New Mexico 88210

Re: Hydrogen Sulfide Potential
Hagerman Area Wolfcamp Program
Chavez County, New Mexico

Gentlemen:

Parallel Petroleum Corporation operates the Seabiscuit #1 well located in Section 33, T-14-S, R-26-E. The well which was tested in the Wolfcamp formation did not have any indications of hydrogen sulfide from this formation. We believe the potential for it on locations in this area are negligible.

Should you need any additional information regarding this issue, please contact me at the address or phone number listed above.

Sincerely,

Deane Durham
Drilling Engineer